

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

ESTABLISHMENT OF PERMANENT CLASSIFICATION  
AND FEES FOR WEIGHT-AVERAGED NONLETTER-  
SIZE BUSINESS REPLY MAIL, 1999

Docket No. MC99-2

**NOTICE OF THE UNITED STATES POSTAL SERVICE  
CONCERNING DECISION OF THE GOVERNORS**

The United States Postal Service hereby gives notice of the following decision of the Governors in Docket No. MC99-2:

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION ON ESTABLISHMENT OF PERMANENT CLASSIFICATION AND FEES FOR WEIGHT-AVERAGED NONLETTER-SIZE BUSINESS REPLY MAIL, DOCKET NO. MC99-2 (November 1, 1999).

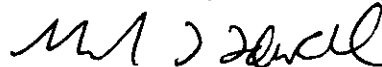
A copy of the Governors decision is attached. It is accompanied by an Attachment reflecting the resulting changes to Domestic Mail Classification Schedule § 931 and Fee Schedule 931 and the resolution of the United States Postal Service Board of Governors which establishes an implementation date for the classification and fees approved by the Governors.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
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November 2, 1999

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE  
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION ON  
ESTABLISHMENT OF PERMANENT CLASSIFICATION AND FEES FOR WEIGHT-  
AVERAGED NONLETTER-SIZE BUSINESS REPLY MAIL, DOCKET NO. MC99-2**

November 1, 1999

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

On July 14, 1999, the Postal Rate Commission issued its Opinion and Recommended Decision in Docket No. MC99-2. This proceeding relates to the establishment of a classification and fees to be paid when the weight averaging method of accounting is applied to nonletter-size Business Reply Mail.

The Postal Service initiated this proceeding on March 10, 1999, with its Request for a Recommended Decision on Classification and Fees For Weight-Averaged Nonletter-Size Business Reply Mail. That request sought the establishment of a permanent special service classification and fees, applicable to nonletter-size Business Reply Mail (BRM) subject to the bulk weight averaging accounting method. The requested classification and fees were intended to supersede the experimental classification and fees then in effect. The recommended permanent classification and fees are identical to those requested.<sup>1</sup>

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<sup>1</sup> On March 10, 1999, the Postal Service filed a companion request, designated as Docket No. MC99-1, seeking a Commission recommendation that the experimental classification and fees for weight-averaged nonletter-size BRM -- which were scheduled to expire on June 7, 1999 -- continue in effect until February 29, 2000, or until implementation of a permanent classification and fees, whichever comes first. On May 14, 1999, the Commission recommended the requested extension of the experimental classification, but subject to lower fees which were proposed in a Stipulation and Agreement among the parties in Docket No. MC99-1. We approved that recommendation in our Decision on May 26, 1999. That same day, the Board of Governors resolved to implement the experiment extension on June 8, 1999. Our decision today addresses the Commission's Docket No. MC99-2 recommendation that the classification and fees implemented for the weight averaging experiment extension be converted from "experimental" to "permanent" status.

In Docket No. MC99-2, on June 1, 1999, the Postal Service filed a motion before the Commission, seeking acceptance of a Stipulation and Agreement for settlement of the issues related to its proposal to establish a permanent classification and fees for weight-averaged nonletter-size BRM. There was no opposition among the Docket No. MC99-2 parties to this proposed settlement. The Recommended Decision of the Commission adopts the proposed changes to Domestic Mail Classification Schedule § 931 and Fee Schedule 931. The Opinion of the Postal Rate Commission that accompanies that Recommended Decision, and the Stipulation and Agreement of the parties (appended thereto) thoroughly describe the background and the settlement proposal adopted by the Commission. We will not repeat those descriptions here.

As a result of the extraordinary cooperation of the parties in settling the issues raised by the Postal Service's request in Docket No. MC99-2, the Commission was able to issue its recommended decision in expeditious fashion. We commend the parties for their ratification of the Stipulation and Agreement. We also greatly appreciate the Commission's management of the companion proceedings, Docket Nos. MC99-1 and MC99-2, with such timeliness as to ensure continuity in the Postal Service's administration of the weight averaging experiment extension and to allow for a smooth transition of the weight averaging operations from experimental to permanent status.

The establishment of a permanent classification and fees in this instance marks the conclusion of an application of the Commission's experimental rules. Under those rules, the Postal Service and its customers were able to develop streamlined accounting procedures for nonletter-size Business Reply Mail which, by virtue of its physical characteristics, is incompatible with automated accounting technology. The bulk weight averaging accounting method, which was refined as a result of the experiment, significantly reduces accounting costs and permits a better alignment of costs and accounting fees among nonletter-size BRM recipients. We encourage postal management to build upon this success by exploring opportunities to improve the alignment of accounting costs and fees for Business Reply Mail letters, as well.

Establishment of the permanent classification and fees we are approving today will create a more fair and equitable mail classification system, in accordance with the policies of the Postal Reorganization Act. Therefore, we approve the changes in classification and fees recommended by the Commission.

### **ESTIMATE OF ANTICIPATED REVENUE**

The Postal Reorganization Act requires that our Decision include an estimate of anticipated impact on postal revenues (39 U.S.C. § 3625(e)). The evidentiary record in the proceeding reflects that the extension of the weight averaging portion of the current nonletter-size Business Reply Mail experiment as recommended by the Commission will have a negligible effect upon total test year costs and revenues.

### **ORDER**

In accordance with the foregoing Decision of the Governors, the changes in classification and fees set forth in the Attachment hereto and incorporated herein are hereby approved and ordered into effect. In accordance with Resolution 99-12 of the Board of Governors dated November 1, 1999, the changes will take effect at 12:01 a.m. on February 6, 2000.

By The Governors:

A handwritten signature in black ink, appearing to be "S. J. ...", is written over a solid black horizontal line.

Chairman

**RESOLUTION OF THE BOARD OF GOVERNORS  
OF THE  
UNITED STATES POSTAL SERVICE**

**Resolution No. 99-12**

**Effective Date of New Classification and Fees**

**RESOLVED:**

Pursuant to section 3625(f) of Title 39, United States Code, the Board of Governors determines that the permanent classification and fees for weight-averaged nonletter-size Business Reply Mail that were ordered to be placed into effect by the Decision of the Governors in Docket No. MC99-2, adopted on November 1, 1999, shall become effective at 12:01 a.m. on February 6, 2000.

This Resolution was adopted by the Board of Governors on November 1, 1999.

  
Secretary

Attachment

RECOMMENDED CHANGES IN  
DOMESTIC MAIL CLASSIFICATION SCHEDULE  
AND FEE SCHEDULE

The following represents the changes to the Domestic Mail Classification Schedule and Fee Schedule which were recommended in Docket No. MC99-2 by the Postal Rate Commission and approved by the Governors of the United States Postal Service. Additions are underlined; deletions are stricken through.

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**930 PAYMENT ALTERNATIVES**

**931 BUSINESS REPLY MAIL**

**931.1 Definitions**

**931.11** Business reply mail is a service whereby business reply cards, envelopes, cartons and labels may be distributed by or for a business reply distributor for use by mailers for sending First-Class Mail without prepayment of postage to an address chosen by the distributor. A distributor is the holder of a business reply license.

**931.12** A business reply mail piece is nonletter-size for purposes of this section if it meets addressing and other preparation requirements, but does not meet the machinability requirements specified by the Postal Service for mechanized or automated letter sortation.

~~This provision expires February 29, 2000, or upon implementation of permanent fees for nonletter size business reply mail, whichever comes first.~~

**931.2 Description of Service**

~~931.21~~ The distributor guarantees payment on delivery of postage and fees for all returned business reply mail. Any distributor of business reply cards, envelopes, cartons and labels under any one license for return to several addresses guarantees to pay postage and fees on any returns refused by any such addressee.

**931.3 Requirements of the Mailer**

**931.31** Business reply cards, envelopes, cartons and labels must be preaddressed and bear business reply markings.

**931.32** Handwriting, typewriting or handstamping are not acceptable methods of preaddressing or marking business reply cards, envelopes, cartons, or labels.

**931.4 Fees**

**931.41** The fees for business reply mail are set forth in Fee Schedule 931.

**931.42** To qualify as an active business reply mail advance deposit trust account, the account must be used solely for business reply mail and contain sufficient postage and fees due for returned business reply mail.

931.43 An accounting fee as set forth in Fee Schedule 931 must be paid each year for each advance deposit business reply account at each facility where the mail is to be returned.

931.5 **[RESERVED]**

931.6 **~~Experimental~~ Nonletter-Size Weight Averaging Fees**

~~931.61~~ **[RESERVED]**

931.62 A nonletter-size weight averaging monthly fee as set forth in Fee Schedule 931 must be paid each month during which the distributor's weight averaging account is active.

~~This fee applies to the (no more than) 10 advance deposit account holders which are selected by the Postal Service to participate in the weight averaging nonletter-size business reply mail experiment.~~

~~This provision expires February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.~~

931.76 **Authorizations and Licenses**

931.761 In order to distribute business reply cards, envelopes, cartons or labels, the distributor must obtain a license or licenses from the Postal Service and pay the appropriate fee as set forth in Fee Schedule 931.

931.762 Except as provided in section 931.73, the license to distribute business reply cards, envelopes, cartons, or labels must be obtained at each office from which the mail is offered for delivery.

931.763 If the business reply mail is to be distributed from a central office to be returned to branches or dealers in other cities, one license obtained from the post office where the central office is located may be used to cover all business reply mail.



**931.764** The license to mail business reply mail may be canceled for failure to pay business reply postage and fees when due, and for distributing business reply cards or envelopes that do not conform to prescribed form, style or size.

**931.765** Authorization to pay ~~experimental~~ nonletter-size weight-averaging business reply mail fees as set forth in Fee Schedule 931 may be canceled for failure of a business reply mail advance deposit trust account holder to meet the standards specified by the Postal Service for the weight averaging accounting method.

~~This provision expires February 28, 2000, or upon implementation of permanent fees for nonletter size business reply mail, whichever comes first.~~

**FEE SCHEDULE 931  
BUSINESS REPLY MAIL**

	<b>Fee</b>
Active business reply advance deposit account:	
Per piece	
Qualified	\$0.05
Nonletter-size, using weight averaging <del>(experimental)</del>	\$0.01
Other	\$0.08
Payment of postage due charges if active business reply mail advance deposit account not used:	
Per piece	\$0.30
Annual License and Accounting Fees:	
Accounting Fee for Advance Deposit Account	\$300
Permit fee (with or without Advance Deposit Account)	\$100
Monthly Fees for customers using weight averaging for nonletter-size business reply	
<del>Nonletter-size, using weight averaging (experimental)</del>	\$600

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~~1 Experimental per piece and monthly fees are applicable only to participants selected by the Postal Service for the nonletter-size business reply mail experiment. The experimental fees expire February 20, 2000, or upon implementation of permanent fees for weight averaged nonletter-size business reply mail, whichever comes first.~~

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice and Procedure.

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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November 2, 1999